



548 MARKET ST. #68514  
SAN FRANCISCO, CA  
94104

June 10, 2015

Honorable Senate Committee on Regulatory Reform  
PO Box 30036  
Lansing, MI 48909-7536

Dear Senate Committee Members,

On behalf of thousands of Lyft users in Michigan, I would like to express serious concern over SB No. 184 and SB 188, which amend The Limousine Transportation Act to incorporate Transportation Network Companies (TNCs), like Lyft. If passed, SB 184 and SB 188 would threaten Lyft's ability to operate in Michigan, and impact thousands of users who rely on Lyft to connect them to safe, affordable and friendly transportation. These bills also present major insurance challenges to the burgeoning TNC industry in Michigan. Allow me to summarize these concerns.

### **Insurance**

If adopted, SB 184 and SB 188 would authorize the worst TNC insurance policy in the country. These bills would require TNCs to provide continuous commercial coverage of \$1M dollar for all TNC drivers, even when a driver does not have the digital application on (SB 184 - Sec. 13(1)(c)). This framework directly rejects a national compromise negotiated by leading personal lines insurers across the country, such as Farmers, State Farm, USAA, AIA, PCIAA and NAMIC. Of the over 20 states that have adopted state TNC laws, none have required TNCs to provide continuous commercial coverage when a TNC driver is using her vehicle for personal reasons.

As stated previously, the only way Lyft will succeed and build capacity into Michigan's transportation system is if non-professional drivers are able to blend personal and non-personal use of their private cars. That is Lyft's business model. A Lyft driver may head to the grocery store, turn on the Lyft app on her way back and decide to give a neighbor a ride on the way home. Insurance policy should be implemented in Michigan to reflect this blended use of private cars.

Currently, Lyft provides \$1M of primary insurance coverage when a TNC driver is ridesharing. Even when a driver has the Lyft application open in driver mode but is not ridesharing, Lyft is supportive of policy that requires the TNC, the TNC driver or a combination of both to provide primary insurance at the level of \$50,000 for death and bodily injury per person, \$100,000 for death and bodily injury per incident, and \$25,000 for property damage. By requiring Lyft to provide continuous commercial coverage at all times, Michigan will be stifling the burgeoning TNC insurance market and threatening the survival of Lyft in Michigan.



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## **Certificate of Authority**

As a condition for receiving a "certificate of authority" under SB 184, TNCs are required to certify that each of its vehicles have undergone a safety inspection and produce a "safety inspection report" to the department. (Sec. 13(1)(b) and 15(3)). Lyft is highly supportive of ensuring that safe vehicles are on the road, which is why we conduct a 19-point vehicle inspection on every vehicle used by a driver on our platform. However, the process described in the legislation reflects a lack of understanding of how TNCs work.

Unlike a traditional limousine or taxi service, TNCs do not own, lease or manage a fleet of vehicles. Instead, Lyft permits screened drivers using their personal cars to access the Lyft platform at their leisure. The goal of Lyft is for everyone who is qualified in Michigan to eventually become a Lyft driver. Given the fluid and growing nature of the platform, it is not practical to require a TNC to submit a safety inspection report for a finite number of vehicles in order to receive a certificate of authority. A more reasonable inspection requirement would be for the TNC to certify that each vehicle accepted on the platform has undergone a safety inspection and to subject these records to audit by the state.

## **Fees**

SB 184 would require a fee structure that would crush Lyft's business model and our vision for universal ridesharing in Michigan. The legislation requires all TNCs to not only pay a one-time \$300.00 fee but also pay \$50.00/vehicle annually and \$5.00/vehicle in annual inspections (Sec. 17, Sec. 21(1)), Sec. 23). As state previously, Lyft's goal is that every Michigan resident who has a car and is qualified will become a Lyft driver so that Michigan has a critical mass of drivers throughout the state to provide safe rides via the Lyft platform. However, these goals will be impossible if Lyft is required to pay \$55.00/vehicle in fees for every Michigan driver who signs up on the platform. Other states, like Tennessee, Georgia, Utah, Arizona, California, Colorado, and Virginia have instead implemented a flat, annual TNC fee.

Thank you for the opportunity to provide this feedback. Let us know if you have any questions.

April

Sincerely,

A handwritten signature in black ink, appearing to read "April Mims".

April Mims  
Manager, Public Policy